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E.O.11652:N/A
TAGS: BEXP, NZ
SUBJECT: NEW ZEALAND MARKET FOR COMMUNICATIONS
EQUIPMENT - A BRIEF SURVEY

SYDNEY FOR IMC

REF: WELLINGTON 3139

1. INTRODUCTION. TRANSMITTED HERewith IS A BRIEF OVERVIEW
OF THE NEW ZEALAND MARKET FOR COMMUNICATIONS EQUIPMENT.
IT REPRESENTS A JOINT EFFORT OF THIS EMBASSY
AND AMCONSUL AUCKLAND. WE HOPE THAT USDOC WILL FIND IT
USEFUL AS AN INFORMATION SOURCE FOR U.S. INDUSTRY, AND
IN RECRUITING PARTICIPANTS FOR A COMMUNICATION REPFIND
EXERCISE SCHEDULED TO TAKE PLACE IN WELLINGTON NOVEMBER
10, 1978 IN CONNECTION WITH THE COMMUNICATIONS EQUIPMENT
EXHIBITION AT THE SYDNEY IMC.

2. THE SETTING

A. NEW ZEALAND IS A LARGE COUNTRY WITH A SMALL POPULATION.
ITS THREE MILLION PEOPLE ARE SCATTERED OVER 100,000 SQUARE
MILES OF GENERALLY HILLY, SOMETIMES MOUNTAINOUS TERRAIN,
AND OVER TWO MAJOR AND SEVERAL VERY MINOR ISLANDS. OVER
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HALF OF THE POPULATION IS CONCENTRATED IN FIVE MAJOR
URBAN CENTERS (FOUR OF THEM COASTAL), AND THE REMAINDER
IS SPREAD LOOSELY AND SPARSELY OVER A LARGE LAND SURFACE
IN TOWNS, VILLAGES AND THOUSANDS OF RELATIVELY ISOLATED
HAMLETS AND FARMSTEADS. YET THIS IS A PROSPEROUS AND
DEVELOPED COUNTRY, AND ITS CITIZENS EXPECT TO BE ABLE
TO ENJOY THE BENEFITS MODERN COMMUNICATIONS TECHNOLOGY CAN

OFFER, WHETHER IN THE FORM OF COMPREHENSIVE AND EFFECTIVE TELEPHONE, TELEGRAPH, TELEX, AND DATA TRANSMISSION SERVICES, OF RADIO AND TELEVISION, OF INTERNATIONAL COMMUNICATIONS, OR OF COMMUNICATIONS TO FACILITATE POLICE AND FIRE PROTECTION AND AMBULANCE AND OTHER MEDICAL SERVICES.

B. NEW ZEALAND IS HEAVILY DEPENDENT ON COMMERCE BY SEA AND BY AIR, BOTH INTRANATIONALLY AND INTERNATIONALLY. DISTANCES TO OVERSEAS POINTS ARE OFTEN GREAT, AND DISTANCES WITHIN THIS LONG AND NARROW LAND ARE OFTEN GREAT, AS WELL. THERE IS A NECESSITY TO PROVIDE SUITABLE COMMUNICATIONS FACILITIES FOR SHIPPING AND FOR AIR SERVICES, INCLUDING NAVIGATIONAL AIDS, TO COVER THE LAND SURFACE AS WELL AS VAST AREAS OF OCEAN, AND THE AIR ABOVE THEM. AS A PARTNER IN THE ANZUS DEFENSE ALLIANCE, NEW ZEALAND HAS CLOSE WORKING RELATIONSHIPS WITH, AND MUST HAVE COMMUNICATIONS CONTACTS WITH, THE MILITARY FORCES OF AUSTRALIA AND OF THE UNITED STATES.

C. TO MAINTAIN THESE VITAL LINKS, SOME 30,000 PEOPLE (2.5 PERCENT OF THE NATIONAL WORK FORCE) ARE EMPLOYED IN THE TELECOMMUNICATIONS SECTOR IN NEW ZEALAND. AS OF MARCH 31, 1976, THERE WAS AN ESTIMATED NZ DOLLARS 700 MILLION (PURCHASE COST) IN CAPITAL ASSETS FOR TELECOMMUNICATIONS PURPOSES IN USE BY THE NEW ZEALAND GOVERNMENT (AT THAT TIME US DOLLARS 1.00 EQUALLED NZ DOLLARS 0.9980).
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PRIVATELY-OWNED COMMUNICATIONS SYSTEMS, SUCH AS THOSE IN USE BY TAXI COMPANIES, TRUCK FLEET OPERATORS, PRIVATE AIR COMPANIES, PRIVATE VESSEL OPERATORS, ETC., WOULD ACCOUNT FOR TENS OF MILLIONS OF ADDITIONAL DOLLARS IN CAPITAL INVESTMENT. TODAY, THERE ARE TWO TELEVISION CHANNELS (BOTH STATE-OPERATED) COVERING MOST OF THE COUNTRY; A TOTAL OF 52 MEDIUM-WAVE AND TWO SHORT WAVE RADIO BROADCASTING STATIONS OPERATED BY THE GOVERNMENT PLUS EIGHT PRIVATE MEDIUM-WAVE STATIONS; THREE INTERNATIONAL AND TEN OTHER MEDIUM-SIZE AIRPORTS; 1.7 MILLION TELEPHONES; OVER 2,600 TELEX SUBSCRIBERS; OVER 50,000 MOBILE VHF RADIO-TELEPHONE UNITS OPERATING FROM OVER 3,000 GOVERNMENT-OWNED AND PRIVATE BASE STATIONS; A DATA TRANSMISSION SERVICE AND DATEL SERVICING USING LEASED POST OFFICE LINES; TELECOMMUNICATIONS CABLE LINKS TO AUSTRALIA AND THE USA AND, THROUGH THOSE COUNTRIES, LINKS WITH MOST OF THE REST OF THE WORLD; AN EARTH SATELLITE STATION AT WARKWORTH NEAR AUCKLAND; A HIGH-POWER RADIO TRANSMITTING STATION AT HIMATANGI FOR TELEPHONE AND TELEGRAPH CONNECTIONS WITH THE MANY SMALL PACIFIC ISLAND STATES, AND A COMPANION RECEIVING STATION AT MAKARA; AND DIRECT RADIO CIRCUITS TO A NUMBER OF ISOLATED ISLANDS

AND ANTARCTICA. THE INFRASTRUCTURE, FOR A COUNTRY OF NEW ZEALAND'S SIZE, IS VAST.

D. THE COSTS OF MAINTAINING, EXTENDING, AND IMPROVING THAT INFRASTRUCTURE ARE VAST, AS WELL. IT IS NOT SUPRISING, THEREFORE, THAT NEW ZEALAND TENDS NOT TO BE IN THE VANGUARD OF TELECOMMUNICATIONS TECHNOLOGY USAGE. THERE IS A PREFERENCE TO LET OTHER NATIONS TRY NEW IDEAS AND NEW CONCEPTS, AND, ONCE THEY HAVE BEEN PROVEN, ADAPT

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THEM TO THIS COUNTRY'S NEEDS. IN HIGH-TECHNOLOGY FIELDS SUCH AS TELECOMMUNICATIONS, NEW ZEALAND IS GENERALLY A BIT "BEHIND" SUCH LEADERS AS THE USA AND THE WESTERN EUROPEAN COUNTRIES. THIS IS BY DESIGN, NOT BY ACCIDENT.

E. IN ADDITION, THERE IS A TENDENCY FOR NEW ZEALANDERS TO SEE THEMSELVES AS BEING A RELATIVELY POWERLESS PEOPLE IN INTERNATIONAL TERMS, A SMALL NATION PRODUCING LARGELY PASTORAL PRODUCTS AND STRIVING MIGHTILY TO SELL THEM IN OVERSEAS MARKETS IN ORDER TO EARN FOREIGN EXCHANGE TO PAY FOR IMPORTS. PARTLY BECAUSE OF FEELINGS OF GEOGRAPHIC ISOLATION, PARTLY TO BE ABLE TO SUBSTITUTE LOCAL PRODUCTION FOR IMPORTS AND THEREBY CONSERVE THE SUPPLY OF FOREIGN EXCHANGE, AND PARTLY TO PROVIDE EMPLOYMENT AND REINFORCE EFFORTS TO DIVERSIFY THE ECONOMY, THERE IS, ESPECIALLY AMONG GOVERNMENT DEPARTMENTS, A PREFERENCE FOR BUYING PRODUCTS MADE IN NEW ZEALAND WHEN THEY ARE AVAILABLE RATHER THAN BUYING FROM ABROAD. THE VAST BULK OF TELECOMMUNICATIONS PURCHASING IN THIS COUNTRY IS DONE BY GOVERNMENT DEPARTMENTS - NOTABLY THE

POST OFFICE - AND OFTEN BUYING "LOCAL" MEANS NOT HAVING ACCESS TO THE VERY LATEST DEVELOPMENTS OVERSEAS. THIS PHENOMENON, TOO, RESULTS IN NEW ZEALAND BEING A BIT UNCLASSIFIED

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"BEHIND" SOME OTHER COUNTRIES - BY DESIGN. THE MARKET IS TOO SMALL TO JUSTIFY PRODUCTION OF MANY PRODUCTS, BUT IT IS BIG ENOUGH TO JUSTIFY PRODUCTION OF SOME, AND THE ABILITY OF LOCAL PRODUCERS TO ADAPT THE NEWEST AND THE MOST SOPHISTICATED METHODS AND DEVICES IS LIMITED. FOR EXAMPLE, ELECTRONIC CIRCUITRY HAS YET TO BE INTRODUCED INTO TELEPHONE SWITCHING IN NEW ZEALAND; SEVERAL RURAL TELEPHONE EXCHANGES ARE STILL MANUALLY-OPERATED; OFFICE TELEPHONES WILL GENERALLY HAVE LOCALLY-MADE AND CUMBERSOME PUSH-BUTTON INTERCOM SIGNALLING UNITS RATHER THAN THE MORE MODERN KEY SYSTEMS.

F. AMERICAN FIRMS INTERESTED IN ENTERING THE NEW ZEALAND TELCOMMUNICATIONS MARKET WOULD BE WELL ADVISED TO KEEP THESE POINTS IN MIND. SELLING THROUGH A LOCAL AGENT OR DISTRIBUTOR MAY PROVE ENTIRELY SATISFACTORY AND PROVIDE GOOD SALES OPPORTUNITIES, BUT WHERE LOCAL MANUFACTURE UNDER LICENSE IS FEASIBLE, IT MAY WELL GUARANTEE A DOMINANT POSITION IN THE NEW ZEALAND MARKET. THERE ARE REPUTABLE FIRMS IN THIS COUNTRY, WITH MANUFACTURING AND ASSEMBLY OPERATIONS AND SKILLED WORK FORCES, ANXIOUS TO ACQUIRE NEW PRODUCTION TECHNOLOGIES JUST AS THERE ARE AGENTS AND DISTRIBUTORS ANXIOUS TO ACQUIRE NEW REPRESENTATIONS. WHERE BOTH OPTIONS APPLY, BOTH SHOULD BE INVESTIGATED.

3. THE STATUS QUO

A. AS NOTED BELOW, THERE IS A SIGNIFICANT VOLUME OF LOCAL MANUFACTURE OF COMMUNICATIONS EQUIPMENT. IT HAS BEEN ESTIMATED THAT 40 PERCENT BY VALUE OF ALL THE COMMUNICATIONS EQUIPMENT PURCHASED IN NEW ZEALAND, INCLUDING MOST OF THE CONSUMER GOODS LINES AVAILABLE, ARE DOMESTICALLY PRODUCED. HOWEVER, THROUGH THE INFLUENCE OF IMPORTED COMPONENTS AND IMPORTED TECHNOLOGIES, NEARLY UNCLASSIFIED

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HALF OF THE VALUE OF "LOCAL" PRODUCTION IS OF OVERSEAS ORIGIN. THOSE LOCAL MANUFACTURERS ARE PROTECTED BY GOVERNMENT PROCUREMENT POLICY AND BY NEW ZEALAND'S IMPORT LICENSING SYSTEM. ONE KNOWLEDGEABLE TRADE ASSOCIATION OFFICIAL STATED "IF IMPORT CONTROL WAS LIFTED, A LARGE SECTION OF THE INDUSTRY WOULD DISAPPEAR, LEAVING

ONLY THE SERVICE SECTOR." THE CHANCES OF THIS BEING ALLOWED TO HAPPEN ARE REMOTE.

B. THE LARGEST SINGLE TELECOMMUNICATION EQUIPMENT PURCHASER BY FAR IS THE NEW ZEALAND POST OFFICE. 70 PERCENT OF ALL THE WORKERS IN THE TELECOMMUNICATIONS SECTOR -- SOME 21,000 PEOPLE -- ARE EMPLOYED BY THE NZPO. IN ADDITION TO POSTAL AND SAVINGS SERVICES, IT IS RESPONSIBLE FOR THE NATION'S TELEPHONE, TELGRAPH AND TELEX NETWORKS. IT IS THE MAJOR BUYER, AND GENERALLY SETS THE SPECIFICATIONS FOR AND CERTIFIES THE EQUIPMENT BOUGHT BY ALL OTHER USERS. IN RECENT YEARS, AS THE GOVERNMENT HAS ATTEMPTED TO HOLD ITS EXPENDITURES DOWN AS PART OF THE BATTLE AGAINST INFLATION, THE POST OFFICE HAS FOUND ITSELF HIGHLY VULNERABLE. PROGRAMMED MOVES TOWARD EXPANDING AND MODERNIZING COMMUNICATIONS FACILITIES HAVE BEEN DENIED FUNDING, AND PLANS HAVE HAD TO BE SHELVED FOR AN INDEFINITE PERIOD. FROM 1973 TO 1977, WHILE INFLATION INCREASED PRICE LEVELS BY NEARLY 75 PERCENT, POST OFFICE TELECOMMUNICATIONS BUDGETS ROSE BY SLIGHTLY OVER 50 PERCENT. THE INCREASE FOR THE FISCAL YEAR ENDING MARCH 31, 1979 IS 3.9 PERCENT, ALTHOUGH INFLATION CONTINUES AT MUCH HIGHER RATES.

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C. THE TELEPHONE SYSTEM IS THE LARGEST SINGLE POST OFFICE OPERATION. WHILE DISTRIBUTION AND STANDARDS OF SERVICE ARE GENERALLY EXCELLENT, THERE ARE SOME GLARING INCONSISTENCIES. SIX PERCENT OF ALL SUBSCRIBERS ARE SERVED BY MANUAL EXCHANGES, AND MANY OF THESE DO NOT OFFER A 24-HOUR

SERVICE. NEARLY 30,000 WOULD-BE SUBSCRIBERS ARE WAITING FOR TELEPHONE CONNECTIONS; THEIR NUMBERS ARE GROWING, AND IN SOME RURAL AREAS THE WAIT CAN BE AS LONG AS THREE YEARS. INTEGRATED CIRCUITRY AND THICK AND THIN FILM TECHNOLOGY HAVE YET TO MAKE THEIR APPEARANCE IN NEW ZEALAND EXCHANGES.

D. NEW ZEALAND'S TELEPHONE SYSTEM WAS BUILT UP OVER THE YEARS WITH BRITISH COMMONWEALTH TECHNOLOGY, EQUIPMENT AND STANDARDS, AND FOR YEARS IT HAS BEEN EASIER TO ADD ON TO THAT BASIC SYSTEM THAN CHANGE IT. OLD WAYS MAY DIE HARD, BUT THEY ARE DYING NOW, AND BIT BY BIT EQUIPMENT FROM OTHER SOURCES AND CONFORMING TO OTHER STANDARDS HAS BEEN MAKING ITS WAY INTO THE NEW ZEALAND MARKET. TODAY, THE PREFERENCE FOR U.K. SOURCING IS DYING OUT AND JAPANESE, U.S. AND OTHER SUPPLIERS ARE FINDING THE LOCAL MARKET INCREASINGLY OPEN TO THEM -- WITHIN LIMITS.

E. TELEPHONE INSTRUMENTS ARE MANUFACTURED BY ONE LOCAL FIRM. THEY ARE EXPENSIVE AND HAVE NOT CAUGHT UP WITH UNCLASSIFIED

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THE TIMES TECHNOLOGICALLY, BUT THEY ARE MADE IN NEW ZEALAND AND THAT COUNTS ABOVE ALL ELSE. THAT FIRM WILL CONTINUE TO ENJOY A MONOPOLY FOR FOUR YEARS UNTIL ITS CURRENT CONTRACT EXPIRES; IT WILL RETAIN THAT MONOPOLY THEREAFTER UNTIL SUCH TIME AS ANOTHER LOCAL COMPETITOR EMERGES.

F. PABX UNITS OF UP TO 100 LINES ARE MANUFACTURED LOCALLY. THE EQUIPMENT DOES NOT ENJOY THE BEST OF REPUTATIONS FOR RELIABILITY AND EASE OF SERVICE, BUT IT IS MADE IN NEW ZEALAND. UNITS OVER 100 LINES HAVE COME TRADITIONALLY FROM JAPAN. WITHIN THE NEXT TWO YEARS, SOLID STATE TECHNOLOGY IS EXPECTED TO BE SPECIFIED IN POST OFFICE PABX CONTRACTS, AND LOCAL FIRMS ARE ALREADY GEARING UP FOR THE CHANGE-OVER. THE ONE LOCAL PRODUCER IS SEEKING SOURCES OF TECHNOLOGY AND COMPONENTS IN THE UP-TO-100-LINES RANGE, AND ANOTHER LOCAL SUBSIDIARY OF A MAJOR MULTINATIONAL HAS HOPES OF PRODUCING SOLID-STATE PABX UNITS OF UP TO 500 LINES. COMPONENTS SUPPLIED FROM OVERSEAS AND LICENSING ARRANGEMENTS WITH FOREIGN FIRMS WILL PLAY A VITAL ROLE IN THE CONVERSION TO SOLID STATE, BUT THE PREFERENCE FOR LOCAL MANUFACTURE WILL REMAIN. THE NEW CONTRACT FOR ELECTRONIC EXCHANGES WILL COVER THE PERIOD THROUGH 1982, AND WILL BE WORTH AN ESTIMATED NZ DOLLARS 12 MILLION ANNUALLY.

G. LONG-DISTANCE DIRECT DIALING ("SUBSCRIBER TOLL DIALING") IS BEING GRADUALLY INTRODUCED, AND INTERNATIONAL DIRECT DIALING IS PLANNED FOR THE FUTURE. AMONG OTHER DELAYING FACTORS HAS BEEN THE NECESSITY AND COST OF REPLACING THE

INTERNATIONAL GATEWAY EXCHANGE BEFORE SUCH A SERVICE CAN BE INTRODUCED; THE QUESTION IS NOT WHETHER BUT WHEN IT WILL BE FUNDED. LONG DISTANCE TELEPHONE TRANSMISSION EQUIPMENT (MULTIPLEXERS) IS MAINLY OF JAPANESE ORIGIN; U.S. EQUIP-
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MENT IS NOT COMPLETELY COMPATIBLE WITH THE NEW ZEALAND SYSTEM (IMPEDENCE VALUES ARE A PARTICULAR PROBLEM) AND IS CONSIDERED TO SUFFER FROM EXCESSIVE TRANSMISSION LOSS LEVELS.

#. DATA TRANSMISSION HAS BEEN A RECENT DEVELOPMENT IN NEW ZEALAND, AND ITS GROWTH HAS BEEN PHENOMENAL. IMPORTS OF DATA TRANSMISSION HARDWARE INCREASED TEN FOLD IN FIVE YEARS TO NZ DOLLARS 30 MILLION IN 1976, AND EMPLOYMENT IN DATA PROCESSING AND TABULATING MORE THAN DOUBLED OVER THAT PERIOD. A MOVEMENT TOWARD DISTRIBUTED DATA PROCESSING IS APPARENT AS IN OTHER COUNTRIES. THE DATEL SWITCHED SERVICE HAS BEEN ADOPTED WITH SPEEDS UP TO 1,200 BITS PER SECOND. LEASED VOICE CIRCUITS ARE ALSO AVAILABLE FOR DATA TRANSMISSION, WITH MAXIMUM SPEEDS OF 9,600 BITS PER SECOND. SYSTEMS AND NETWORKS ARE DEVELOPED ON A CUSTOM BASIS FOR SPECIFIC USES AND USERS.

I. MOBILE RADIOTELEPHONE SERVICES ARE WELL-ESTABLISHED, AND EXTENSIVELY RELIED ON BY POLICE, FIRE, AND AMBULANCE SERVICES, TRANSPORT AND FREIGHT FORWARDING FIRMS, TAXI COMPANIES, SHIPPING SERVICES, AVIATION, ETC. A NUMBER OF GOVERNMENT AGENCIES MAINTAIN THEIR OWN LAND MOBILE RADIO SYSTEMS ENGINEERED TO THEIR OWN PARTICULAR REQUIREMENTS. CITIZEN BAND RADIO IS BECOMING INCREASINGLY POPULAR (THERE ARE 18,000 OPERATORS AT PRESENT), AND THE POST OFFICE IS CONCERNED THAT ITS RAPID GROWTH MAY SOON PLACE A STRAIN ON THE NUMBER OF VHF FREQUENCIES AVAILABLE.

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J. LOCAL MANUFACTURERS DOMINATE THE MARKETS FOR VHF RADIO EQUIPMENT, TWO-WAY MOBILE RADIOS, SINGLE-SIDE-BAND RADIOS AND RADIO PAGING EQUIPMENT. THEY ARE OFTEN DEPENDENT ON FOREIGN SUPPLIERS FOR COMPONENTS, HOWEVER, AND WHILE JAPAN AND TAIWAN HAVE BEEN THE PRINCIPAL SOURCES IN RECENT YEARS, CURRENCY MOVEMENTS HAVE MADE U.S. SOURCING INCREASINGLY ATTRACTIVE. THESE FIRMS ARE ALWAYS INTERESTED TO DISCUSS LICENSING OF NEW TECHNOLOGIES, AS WELL AS NEW SOURCES OF COMPONENT SUPPLY.

K. THE POST OFFICE IS NOT THE ONLY AGENCY WHICH HAS BEEN HELD BACK IN COMMUNICATIONS EQUIPMENT PROCUREMENT. THE RAILWAYS, POLICE, FIRE SERVICE, ELECTRICITY DIVISION, FOREST SERVICE, AND DEFENSE AGENCIES HAVE BEEN COOLING THEIR HEELS, TOO, AND IN MOST OF THESE, AS AMONG THEIR SUPPLIERS, THE FEELING IS THAT THEY CAN'T BE RE-STRAINED MUCH LONGER. PROSPECTS OVER THE MEDIUM-TERM FOR INCREASED EQUIPMENT EXPENDITURES ARE BRIGHT.

4. THE FUTURE

A. NEW ZEALANDERS OFTEN LOOK TO THE U.S. FOR A GLIMPSE OF WHAT THEIR OWN COMMUNICATIONS FUTURE HOLDS IN STORE. FOR EXAMPLE, NEW ZEALAND IS NOW MOVING INTO THE 450 MW UHF MOBILE RADIO BANDS WHILE THE U.S. IS MOVING INTO THE 900 MW RANGE. WITNESS, ALSO, THE IMMINENT INTRO-
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DUCTION OF ELECTRONIC TELEPHONE EXCHANGES. THE U.S. IS REGARDED AS A RECOGNIZED LEADER, AND ITS EQUIPMENT IS WELL-REGARDED. U.S. TECHNOLOGY IS A SELLING POINT.

B. THE INTRODUCTION OF ELECTRONIC TELEPHONE EXCHANGES IS EXPECTED TO BEGIN NEXT YEAR, BUT THE PHASING OUT OF ELECTRO-MECHANICAL EQUIPMENT WILL TAKE SOME YEARS - PERHAPS EVEN A DECADE OR MORE. STORED PROGRAM CONTROL EQUIPMENT IS REPORTEDLY FAVORED. PRINTED CIRCUITRY WILL BE REQUIRED IN THE NEXT SERIES OF CONTRACTS FOR THE SUPPLY OF SWITCHING EQUIPMENT, AND PRESENT AND POTENTIAL LOCAL PRODUCERS ARE GEARING UP FOR THE CHANGEOVER.

C. LOCAL MANUFACTURERS WILL BE INTERESTED IN NEW CONTACTS IN AREAS SUCH AS TWO-WAY MOBILE RADIO, RADIO PAGING, AND SINGLE SIDE-BAND EQUIPMENT, ESPECIALLY FOR MARINE USE. THE LOCAL SINGLE SIDE-BAND RADIO MANUFACTURER HAS SOME QUALITY CONTROL PROBLEMS, AND AN ALTERNATE LOCAL MANUFACTURER WHO CAN SOLVE THOSE PROBLEMS (WITH OVERSEAS HELP) COULD PROBABLY HAVE THE MARKET TO HIMSELF. HAND-HELD PORTABLE TWO-WAY RADIO SYSTEMS, AND 6 TO 12 VOICE CHANNEL LOW-CAPACITY RADIO LINK EQUIPMENT, ARE ALSO GROWTH AREAS.

D. THERE IS A NOTICEABLE MOVEMENT TOWARD MICROWAVE LINK TRANSMISSION EQUIPMENT. ANALOG LINE EQUIPMENT HAS HERETOFORE BEEN IMPORTED FROM JAPAN, BUT A LOCAL SUPPLIER HAS BID FOR THE CONTRACT AND WILL PROBABLY GET IT. THE POST OFFICE IS HESITATING TO MOVE INTO DIGITAL LINE EQUIPMENT PENDING THE EMERGENCE OF AN INTERNATIONAL, OR, MORE LIKELY, A EUROPEAN STANDARD. ONCE SUCH A STANDARD HAS BEEN GENERALLY ACCEPTED, THERE WILL BE A BIG MOVE INTO DIGITAL. ELECTRIFICATION OF THE NORTH ISLAND MAIN TRUNK UNCLASSIFIED

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RAILWAY LINE AND SOME ADDITIONAL METROPOLITAN COMMUTER RAIL SERVICES WILL INVOLVE ADDITIONAL MICROWAVE INVESTMENTS BY THE NEW ZEALAND RAILWAYS FOR SIGNALLING AND COMMUNICATIONS.

E. SATELLITE COMMUNICATIONS IS BEING INCREASINGLY USED FOR LONG-DISTANCE IN-COUNTRY REQUIREMENTS IN VIEW OF THE ROUGH TOPOGRAPHY OF NEW ZEALAND. WHILE SATELLITE USAGE FOR CIVILIAN PURPOSES INTERNATIONALLY IS CONSIDERABLE, THE ONLY RAPID GROWTH IN OVERSEAS SERVICE IS EXPECTED TO BE IN SHORT-HAUL CONTACT WITH THE PACIFIC ISLAND STATES; TRANSMISSION DELAYS IN SATELLITE CONNECTIONS WITH NORTH AMERICA AND EUROPE RENDER DIRECT SATELLITE SERVICE A SECOND-BEST SOLUTION TO COMMUNICATION BY CABLE. NEW ZEALAND HAS ONE SATELLITE TRANSMISSION STATION (SUPPLIED FROM JAPAN).

F. COMMUNICATIONS SECURITY IS A RAPIDLY GROWING FIELD. SUPPLIERS OF SCRAMBLERS, AND OF ENCRYPTING AND DECRYPTING DEVICES FOR DATA TRANSMISSION EQUIPMENT, WILL FIND GOOD PROSPECTS IN NEW ZEALAND, ALTHOUGH THERE MAY BE SOME PROBLEMS WITH ADAPTABILITY OF U.S. EQUIPMENT TO CCIT AND NEW ZEALAND POST OFFICE STANDARDS. FOR THE FORESEEABLE FUTURE, LOCAL MANUFACTURE OF SUCH EQUIPMENT IS NOT FEASIBLE.

G. THE BROADCASTING CORPORATION IS VERY INTERESTED IN TELETXT,DIGITALLY CODED INFORMATION TRANSMITTED IN THE

VERTICAL INTERVAL SECTION OF A TELEVISION SIGNAL. IT
IS ENVISAGED INITIALLY AS A NEWS PROGRAM SUMMARY, SPORTS,

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WEATHER AND MARKET REPORT SERVICE, WITH SUBSEQUENT UTIL-
IZATION BY HOTEL, AIRLINE AND OTHER RESERVATION SERVICES.
ITS ADOPTION IS IN THE FAR FUTURE, BUT PRELIMINARY STUDIES
ARE ALREADY UNDER WAY. TELETEXT WOULD REQUIRE CUSTOM
HOOKUPS FOR TELEVISION RECEIVERS AND, WHEN EVENTUALLY
INTRODUCED, IS EXPECTED TO BE QUITE POPULAR.

H. THE ADOPTION OF THE TRSB LANDING SYSTEM AT NEW ZEALAND'S
AIRPORTS AND AIR TRAFFIC CONTROL CENTERS WILL BE THE
MAJOR DEVELOPMENT IN CIVIL AVIATION COMMUNICATIONS OVER
THE NEXT SEVERAL YEARS. A MODERNIZATION PROGRAM FOR THE
UPGRADING OF SURVEILLANCE RADARS IS PLANNED WHICH WILL
INVOLVE EXPENDITURES OF ABOUT NZ DOLLARS 6 MILLION OVER
SEVERAL YEARS. IN ADDITION, A WIDER USE OF VHF NAVIGATION-
AL AIDS IS PROJECTED, BUT FUNDING HAS NOT YET BEEN FORTH-
COMING.

I. BETWEEN 1981 AND 1986, THE DEFENCE COMMUNICATIONS
COMMAND EXPECTS TO INSTALL A NATIONWIDE AUTOMATIC MESSAGE
SWITCHING SYSTEM INVOLVING THREE REMOTE COMMAND-CENTER
COMPUTERS AND A FOURTH COMPUTER IN DEFENCE HEADQUARTERS
IN WELLINGTON. THIS SYSTEM WOULD HANDLE VOICE, TELEGRAPH
AND DATA MESSAGES, AND WOULD INVOLVE EQUIPMENT PURCHASES
VALUED AT APPROXIMATELY NZ DOLLARS 4 MILLION. THE DCC IS
SEEKING OFF-THE-SHELF EQUIPMENT FROM OVERSEAS SUPPLIERS.
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J. A NEW STRATEGIC COMMUNICATIONS NETWORK BASED IN THE CENTER OF THE NORTH ISLAND WILL INVOLVE MAJOR CAPITAL PURCHASES BY THE DCC, AS WELL. CONTACT WITH AMERICAN AND AUSTRALIAN COMMANDS WILL BE THE KEY ROLE OF THE INSTALLATION. HOWEVER, THERE IS A NEED TO IMPROVE COMMUNICATIONS WITH NEW ZEALAND NAVAL VESSELS OPERATING IN THE COUNTRY'S 200-MILE ECONOMIC ZONE, AS WELL, AND WITH THIS IN MIND THE NEW STRATEGIC NETWORK WILL BE SUPPLEMENTED BY THE INSTALLATION OF 3 OR 4 ROTATABLE HF ANTENNAS AT A COST OF ABOUT NZ DOLLARS 60,000 EACH. THE LONG-DISTANCE NETWORK WOULD BE EITHER A HF RADIO OR SATELLITE SYSTEM.

K. DCC IS ALSO IN THE MARKET FOR TELEGRAPH CHANNELING EQUIPMENT (LINE MULTIPLEXING, EITHER 24 CHANNELS OR 5-6 CHANNEL LOW-CAPACITY HF). IT INTENDS TO ESTABLISH A DEFENSE FACSIMILE NETWORK IN 1979 WHICH WOULD BE INITIALLY A POINT-TO-POINT SYSTEM BUT WOULD BE CONVERTED LATER TO SWITCHING; THIS WILL INVOLVE THE PURCHASE OF 30 FACSIMILE UNITS AND ATTENDANT PERIPHERALS OVER SEVERAL YEARS. IT WILL ALSO BE SEEKING FOR 1980 PREFABRICATED SECURE ROOM EQUIPMENT FOR FIVE COMMUNICATIONS CENTERS (ESTIMATED COST, ABOUT NZ DOLLARS 250,000).

5. CONCLUSION

A. GOVERNMENT PROCUREMENT POLICY WILL CONTINUE TO FAVOR LOCAL SUPPLIERS; CONSIDERATIONS OF COST OR QUALITY WILL COME SECOND. THE GOVERNMENT IS PREPARED TO DO WITHOUT THE LATEST TECHNOLOGIES IN ORDER TO ASSURE THE HEALTH, OR STIMULATE THE DEVELOPMENT, OF LOCAL INDUSTRIES, WHEREVER POSSIBLE. OPPORTUNITIES FOR EXPORTERS OF SOPHISTICATED SPECIALIZED EQUIPMENT (FOR WHICH THE DEMAND WILL BE SMALL UNCLASSIFIED

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ENOUGH TO MAKE LOCAL PRODUCTION UNFEASIBLE) AND FOR EXPORTERS OF COMPONENTRY FOR LOCAL MANUFACTURERS (SUCH AS SEMICONDUCTORS AND CIRCUITRY) ARE GOOD AND WILL BECOME BETTER IN THE NEXT SEVERAL YEARS. OPPORTUNITIES FOR FOREIGN FIRMS TO JOIN WITH LOCAL MANUFACTURERS THROUGH LICENSING, JOINT VENTURE, OR DIRECT INVOLVEMENT IN THE LOCAL INDUSTRIAL SCENE ARE LIKEWISE GOOD AND GETTING BETTER. TAKING THE LATTER OPTION, AND STAYING ONE STEP AHEAD OF OTHER LOCAL MANUFACTURERS IN TERMS OF COST, QUALITY, AND SERVICE WILL GUARANTEE SUCCESS IN THIS COUNTRY.

B. NEW ZEALAND WILL NEVER BE A MAMMOTH MARKET FOR COMMUNICATIONS EQUIPMENT BY WORLD STANDARDS, BUT IT IS A MARKET IN WHICH SUPPLIERS ONCE ESTABLISHED WHO CAN KEEP AN EYE ON THE COMPETITION CAN FIND GOOD OPPORTUNITIES AND STEADY SALES OVER THE LONG TERM. U.S. PRODUCTS GENERALLY ENJOY AN EXCELLENT REPUTATION; EXCHANGE RATES ARE WORKING IN FAVOR OF THE U.S. FOR THE TIME BEING; THERE IS MOVEMENT AND CHANGE IN THE NEW ZEALAND MARKET. THIS IS THE TIME FOR NEW SUPPLIERS TO LOOK CLOSELY AT NEW ZEALAND, AND THE DEPARTMENT OF COMMERCE COMMUNICATIONS MISSION VISITING WELLINGTON IN NOVEMBER, 1978 EN ROUTE TO A FULL-SCALE EXHIBITION IN SYDNEY THAT SAME MONTH IS THE IDEAL VEHICLE FOR DOING SO.

6.

NEW ZEALAND IMPORTS OF COMMUNICATIONS EQUIPMENT.
VALUES SHOWN IN THOUSANDS OF NEW ZEALAND DOLLARS - C.I.F.
AVERAGE EXCHANGE RATES: 1975-US DOLS 1 NZ DOLS 0.826
- 1976-US DOLS 1 NZ DOLS 1.005

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ACTION COME-00

INFO OCT-01 EB-08 EA-12 ISO-00 /021 W
-----063156 281019Z /14

R 280741Z JUN 78
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 5813
INFO AMEMBASSY CANBERRA
AMCONSUL SYDNEY
AMCONSUL AUCKLAND BY POUCH

UNCLAS SECTION 06 OF 06 WELLINGTON 03372

- 1977-US DOLS 1 NZ DOLS 0.979
SOURCES: NZ DEPARTMENT OF STATISTICS AND INDUSTRY ESTIMATES

A. COMPONENTS FOR TELEVISION BROADCAST RECEIVERS

SOURCE	1975	1976	1977	1980 (ESTIMATE)
AUSTRALIA	42	208	182	200
JAPAN	1,299	2,399	1,737	1,500
NETHERLANDS	1,544	2,625	2,099	1,500
U.K.	2,913	1,625	851	300
U.S.A.	13	19	16	200

TOTAL 4,864 6,898 5,272 4,000

B. RADIO BROADCAST RECEIVERS AND COMPONENTS

SOURCE 1975 1976 1977 1980 (ESTIMATE)

AUSTRALIA 24 11 25 -

JAPAN 2,210 2,048 1,828 2,000

NETHERLANDS 1,093 25 41 -

U.K. 3,236 45 45 -

U.S.A. 20 10 7 -

TOTAL 6,821 2,599 2,373 2,000

C. TELEPHONE AND TELEGRAPH APPARATUS

SOURCE 1975 1976 1977 1980 (ESTIMATE)

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AUSTRALIA 467 780 216 500

JAPAN 8,485 11,473 7,050 5,000

NETHERLANDS 231 12 - -

U.K. 4,045 2,098 1,580 2,000

U.S.A. 187 188 589 2,000

TOTAL 15,209 18,735 11,426 10,000

D. MICROPHONES, LOUDSPEAKERS, AMPLIFIERS

SOURCE 1975 1976 1977 1980 (ESTIMATE)

AUSTRALIA 229 76 26 -

JAPAN 739 1,358 1,165 500

NETHERLANDS 190 160 376 500

U.K. 429 372 282 -

U.S.A. 187 296 337 500

TOTAL 1,927 2,371 2,329 2,000

E. RADIOTELEGRAPHIC AND RADIOTELEPHONIC TRANSMISSION AND

RECEPTION APPARATUS, INCLUDING RADIO NAVIGATION AIDS,

RADAR, REMOTE CONTROL APPARATUS.

SOURCE 1975 1976 1977 1980 (ESTIMATE)

AUSTRALIA 727 599 211 100

JAPAN 988 824 1,362 3,000

NETHERLANDS 156 86 45 100

U.K. 3,723 592 721 1,500

U.S.A. 3,326 1,562 2,614 5,000

TOTAL 12,076 5,986 5,683 14,000

SELDEN

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Message Attributes

Automatic Decaptioning: X
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Concepts: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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Review Transfer Date:
Review Withdrawn Fields: n/a
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Secure: OPEN
Status: NATIVE
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TAGS: BEXP, NZ
To: STATE
Type: TE
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Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014